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Section 4. Damage and Destruction.

(a) Immediately after the damage or destruction by fire or other casualty to all or any part of the Property covered by insurance written in the name of the Association, the Board of Directors or its duly authorized agent shall proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed Property. Repair or reconstruction, as used in this paragraph, means repairing or restoring the Property to substantially the same condition in which it existed prior to the fire or other casualty with each Townhome and the General and Common Limited Elements having the same vertical and horizontal boundaries as before.

(b) Any such damage or destruction shall be repaired or reconstructed unless such damage encompasses and renders uninhabitable more than two-thirds of the townhomes affected by this Master Deed. The Board shall obtain detailed estimates of the costs of repair or reconstruction and make such report available to all Townhome Owners within thirty (30) days after said casualty occurs.

(c) If such damage or destruction does encompass more than two-thirds of the Townhomes as hereinabove provided, then, unless otherwise unanimously agreed upon by all Townhome Owners, the insurance proceeds paid with respect to such damage shall be delivered to the Townhome Owners in accordance with their respective ownership of the General Common Elements unless three-fourths of such owners shall determine that the proceeds should be delivered in some other manner. No mortgagee shall have the right to participate in either of the determinations described above in this subparagraph. In the event that it is determined that the damage or destruction shall not be repaired or reconstructed, as hereinabove provided, then and in that event, (1) the Property shall be deemed to be owned in common by the Townhome Owners, and the Association shall file in the R.M.C. Office for Greenville County a certificate stating that the Property is removed and released from the Horizontal Property Regime established herein, setting forth the reasons for such removal, (2) the undivided

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